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**DEFENSE CONTRACT MANAGEMENT COMMAND**  
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MAR 17 1997

IN REPLY  
REFER TO AQOE

**MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT  
DISTRICTS  
COMMANDERS, DCMC CONTRACT ADMINISTRATION  
OFFICES (CAOs)**

**SUBJECT: DCMC Memorandum No. 97-30, DCMC Support of Privatization and  
Privatizing Activities (POLICY)**

This is a POLICY memorandum. It expires when content is included in the One Book or two years from the date of this memorandum. Target Audience: All DCMC Personnel.

Privatization of Department of Defense activities is creating new opportunities for DCMC to provide valuable insight to our customers and expanding mission support requirements beyond the traditional horizons. These complex acquisitions demand DCMC participation from the earliest stages of acquisition planning through source selection and, ultimately, the provisioning and establishment of Contract Administration Support (CAS) activities to support privatized business units.

The Contract Closeout, Terminations and Property Team (AQOE), is the focal point for all privatization activities. Field activities receiving requests from DoD activities to support privatization efforts should immediately notify their District headquarters and AQOE, (703) 767-3413. Early notification will enable us to determine the appropriate level of participation, understand any impacts of new mission requirements, and develop planning schedules and implementation milestones.

Privatization acquisitions and public/private competitions are extremely sensitive and, in most cases, time critical. Local communities, regional reuse authorities and elected officials are keenly interested in these activities, thus acquisition decision authority is retained at the Service Acquisition Executive or similar level. Our participation on Acquisition Strategy Panels, Source Selection Advisory Councils, Source Selection Evaluation Boards and Performance Risk Assessment Groups is essential to understanding the issues involved in these complex acquisitions and gaining early insight into the customer priorities, critical issues and primary concerns which will drive our post award CAS activities. In supporting these early CAS activities, discretion and the protection of "source selection" information are paramount. Our initial participation in ongoing public/private competitions has established DCMC as a credible, reliable and valued partner in assisting the Military Services to complete these sensitive procurements. That credibility resulted from providing Right Advice,



not merely selling services, and becoming totally familiar with the rules and regulations concerning "source selection" information (e.g. Procurement Integrity) and adhering to those principles at all times.

In ongoing public/private competitions, the participating Military Service agencies are required to split into "Buyer" or "Seller" activities. Involved personnel must declare their affiliation whenever they are involved in matters related to the ongoing acquisition. As direct participants, DCMC personnel must follow this procedure and adhere to the same rules. This situation can cause problems as we perform our mission of providing the Right Advice to valued customers. Under the rules of competition, that advice can become "competition sensitive" and must pass through the more restrictive communications system which controls the flow of information to all competitors. In regard to activities being privatized, Commanders will implement strict procedures to control communications with involved contractors and government agencies. If doubt exists, coordination with legal counsel and AQOE is paramount and should be handled by the most expeditious means available. Personnel unfamiliar with rules and regulations governing the protection of "source selection" information should contact their supporting legal counsel for the necessary orientation.

To provide the best possible service to our customers and support the mission of the major buying commands, DCMC liaisons need to maintain a neutral position regarding public/private competitions. Participation on source selection panels, buyer or seller strategy sessions and other similar activities endangers that neutrality and impairs their ability to accomplish the primary mission of being the central focal point for all DCMC matters involving their assigned agency. To preclude this, DCMC liaisons are prohibited from direct participation in these activities and will forward requests for participation to the Chief, AQOE, the Chief, Customer Support Team (AQIA), or the Executive Director, Program Integration (AQI), HQ DCMC. Additionally, questions relating directly to DCMC support strategy, policy or plans for a particular privatizing activity should be deferred to this headquarters. Questions of a general nature dealing with DCMC's normal methods of operation can be answered and any customer can be directed to view the One Book on the DCMC Home Page.

Privatization will require DCMC to perform critical contract administration and surveillance missions in direct support of Program Executive Officers, Program Managers, and warfighting units. To date, each activity has presented different requirements needing different functional orientations and areas of expertise; therefore, it is essential that we carefully plan for each support team as early as possible. To that end, early CAS participants need to identify customer priorities, areas of risk, current personnel and processes being used and other performance related parameters. This information will provide the basis for initial team structures and start the resource planning process. Early identification is critical. While some additional resources have

been authorized to support FYs 97 and 98 privatizations, future support resources will be provided by the affected Military Service and early planning will be essential. Changes to resource requirements will be approved through the Resource Utilization Council (RUC) process. Additionally, support structures and methods of operation can be used by competitors to define costs and technical approaches. To preclude misinterpretation by competitors, draft organizational structures and support methodologies will not be released outside of DCMC without prior coordination with AQOE, AQBF and the approval of the District Commanders or DCMC Executive Council.

Commanders should plan training requirements in the early stages of mission development. Experience shows that advanced quality skills in ISO 9000 and mechanic self certification programs will be required. Aircraft Programmed Depot Maintenance involving Over & Above determinations and aircraft peculiar quality skills is required and is the number one concern of affected customers. Commanders should ensure close coordination with CAOs currently performing these functions to ensure best practices and lessons learned are incorporated in support plans. Administrative Contracting Officers (ACOs) need to have experience and training in performance based contracting and performance based payments. Award fee provisions are planned for many of these contracts and ACOs need to be familiar with the provisions of FAR Part 12, Acquisition of Commercial Items. Multiple customer interface and joint program management/contract administration teams are predominant in post award plans; therefore, Program Integrators should have advanced management training and exposure to depot maintenance operations, funds management procedures, and customer interface systems associated with depot or similar activities.

As always, it is the policy of DCMC to provide the best possible support to our customers. Privatization provides opportunities for DCMC to fully participate in the acquisition process and have significant impact on the resulting contract. Right Advice will help design a contract which enhances our ability to maximize Right Efficiency during contract administration. Additionally, our experience and insight to contractor processes and performance provide our customers with invaluable assistance in obtaining the Right Price during critical contract negotiations. Working as an integrated team, DCMC has the ability to join with our customers in designing and implementing acquisition strategies which support Military Service privatization objectives while ensuring outstanding support for our warfighters.



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